

**EFFECTIVENESS OF COMPETITIVE STRATEGIES OF M-PESA:
A CASE STUDY OF SAFARICOM PUBLIC LIMITED COMPANY, NAIROBI**

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**A RESEARCH PROJECT REPORT SUBMITTED TO THE SCHOOL
OF MANAGEMENT AND LEADERSHIP IN PARTIAL FULFILLMENT
OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE
ON BUSINESS ADMINISTRATION OF THE MANAGEMENT UNIVERSITY
OF AFRICA.**

SEPTEMBER, 2018

DECLARATION

This proposal is my original work and has not been presented for a degree in any other University.

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DEDICATION

I dedicate this research project to my dear parent Jeniffer Thairo and my beloved siblings Linet Mukami and Ryan Gitau and all the family members whose support and self-sacrifice has seen me climb up the academic ladder and gave me financial support to undertake this proposal. I finally dedicate this to my supervisor Ms. Caroline Shikuku who has given me guidance on how to proceed on with this work.

ACKNOWLEDGEMENT

All glory and honor go to the Almighty God for making this academic dream come true and seeing me throughout the period of this study. My special thanks go to my supervisor Caroline Shikuku for his encouragement and directions which helped me to complete this research work. Of course, my love and appreciation also goes to my friends Denis Yegon and Majid Shuaib who took my education as a responsibility and whose relentless prayers and comfort gave me a sense of guidance. A big thanks to my beloved classmates of the Management University of Africa who contributed in their own little ways not forgetting the entire staff of the University as well and its available facilities that provided me the admirable conducive academic environment that made this possible

ABSTRACT

The research project explored the effectiveness of competitive strategies on M-PESA with a case study of Safaricom PLC company. Competitive strategy is therefore the basis on which a specialty unit may accomplish upper hand in its market. A firm may take a defensive steps through competitive strategies in a bid respond to the ever changing and turbulent environment.

The gaps identified in other studies to create the problem on which the study was premised on had focused on bank systems which postulated that organizations in various ventures receive distinctive competitive strategies in specific circumstances but limited investigations done on effectiveness of competitive strategies thus the relevance of this study. The specific objectives were based on research variables which were; cost leadership, market development, product development and strategic innovation. This objectives formed the research questions that the study sort to answer. The study is important to the safaricom PLC and especially on M-PESA on the establishment of effective competitive strategies, the Communication Authority of Kenya in the formulation of policies in communication sector and future researchers for references to thier studies. The study was done at Safaricom PLC head office at Safaricom house located along Waiyaki way which targeted 188 participants drawn from management and general staff.

The theories that the study anchored on were the porter's five forces theory, theory of strategic balancing and the strategic management theory. The empirical studies from other studies related to the study were explored and reviewed to provide the gaps on which the study addressed.

The research design adopted was descriptive design that operationalized the study where both quantitative and qualitative research methods were used. The actual sample drawn from the target population was 85 participants. The questionnaire and key informant were adopted as the research instruments and the study used statistic package for social sciences in the analysis of the data collected. The analyzed data was presented on the tables and graphs for inteprétation that was necessary for summary, conclusion and recommendations made in answering the research questions.

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LIST OF ACRONYMS

CCK- Communications Commissions of Kenya (now Communications Authority of Kenya)

DFID- Department of International Development FSD- Financial Sector Deepening

ICT- Information and Communication Technology MMT- Mobile Money Transfer

MNO- Mobile Network Operators

MVNO- Mobile Virtual Network Operators

SPSS - Statistical Package for Social Science- a computer program for analyzing data.

OPERATIONAL DEFINITION OF TERMS

Advantage:

A condition or circumstance that puts one in a favorable or superior position.

Competition:

The activity or condition of striving to gain or win something by defeating or establishing superiority over others.

Effectiveness:

This is the concept of how efficient an organization is in achieving the outcomes the organization intends to produce.

Performance:

It is the way in which somebody does a job, judged by its effectiveness. It is also the act of accomplishing a task or the standard to which someone does a job.

Strategy:

A plan of action designed to achieve a long term or overall aim.

Cost Leadership:

Cost leadership is a term used when a company projects itself as the cheapest manufacturer or provider of a particular product or commodity in a competition.

Market Development:

Market development is a strategic step taken by a company to develop the existing market rather than looking for a new market. The company looks for new buyers to pitch the product to a different segment of consumers in an effort to increase sales

Product Development:

The overall process of strategy, organization, concept generation, product and marketing plan creation and evaluation, and commercialization of a new product

Strategic innovation:

Strategic innovation is an organization's process of reinventing or redesigning its corporate strategy to drive business growth, generate value for the company and its customers, and create competitive advantage.

CHAPTER ONE

BACKGROUND OF STUDY INTRODUCTION

1.0 Introduction

The chapter focuses on the background of the study, the profile of the company under study, the problem statement, objectives of the study the research questionnaires, the significance, scope and limitation of the study.

1.1 Background of study

Competitive strategy is the basis on which a specialty unit may accomplish upper hand in its market. Associations accomplish upper hand by giving their clients what they need, preferable or all the more successfully over contenders; and in ways, which their rivals discover hard to imitate (Johnson et al. 2015). As per Porter, focused procedure alludes to the procedure of taking hostile or protective activities to make a defensible position in an industry, to adapt effectively to the five aggressive powers and along these lines yield a predominant degree of profitability for the firm (Azadi and Rahimzadeh, 2012). He additionally expresses that there are a wide range of courses through which organizations can accomplish this target. Ormanidhi and Stringa (2008) characterizes focused system as the bases on which a specialty unit may accomplish upper hand in its market. In this way, organizations accomplish upper hand through addressing the requirements of their clients in ways that their rivals will discover hard to duplicate or emulate.

According to Gerry Johnson and Scholes (2013), effectiveness refers to how well the organization is matching its products/services to the identified needs of its chosen customers and the competencies that underpin this effectiveness. Porter (2010) alludes to effectiveness as the extent to which a strategy leads a firm to better performance than good if not dismal. He is acknowledged for offering a very important guideline of analysis both for industry and competitor and there by the tool is used to place rating on the strategies in use. They concurred that the wind for change and consistent strategy formulation is shaped by the five forces; threat of new entrants, buyers bargain powers, threat of substitute products the bargain power of suppliers and rivalry among existing firms. Johnson and Scholes (2013) appreciated that the five competitive forces jointly determine the intensity of industry competition. Further, it is important for a firm to assess its

strategic capabilities and resource strength to be able to cut out a clear niche and sharpen its core competences. According to them, Strategic capabilities are related to three factors: the resources available to the organization; the competence with which the activities of the organization are undertaken; and the balance of resources, activities and business units in the organization. Resource audits, competence assessment, core competence assessment, identification of rigidities and comparisons and identification of key issues are the ingredients to understanding the strategic capability of a firm. The concept of value chain also helps to bring out the features of value added (effectiveness). Here the key focus is the critically important features: how well matched the product and service features are and thus the uniqueness.

According to Porter (2010) Competitive strategies are the defensive steps taken by a firm in a bid to react to the ever changing and turbulent environment. Creating barriers to entry by developing economies of scale and commanding key distribution channels are among the remedies provided by .Others include switching costs which entail after sale services, complementary products as well as psychic costs of severing a business relationship. In relation to Radio industry, identifying with key program producers and establishing strong relationships will be psychic of a radio company to be able to keep the listeners glued on their radio sets. Catching inserts in particular editions of Dailies has a similar effect. Retaliation by firms has also been used by many radio stations as well as other media companies. Case in point is the publication of Nairobi News as a fighting brand to The Nairobian publication by the Standard Group. According to Nairobi News, 22nd May 2014, p 1. The paper has since been pulled out of press. The editor indicates that its ultimate survival is determined by business and as such the need for perception studies on the strategies firms adopt and their envisaged effectiveness.

Porter (2010) rates experience as a more ethereal response strategy than scale. In the radio industry, more importantly, the experience need to be proprietary, and even though available to competitors, the perceived identity in the brands acts as the competing edge. Identifying substitute products may be costly but it is a strategy used by firms to respond to pressure from substitute products. According to Barney (2011) In order to fight supplier bargains, firms should foster development of substitute supplies or where possible establish linkages with suppliers from different geographic locations. These threats are not undesirable in entirety. This is because they help an industry position itself, bring about industrial revolution and shape the diversification strategies which keep

the industry vibrant. Barney (2011) has also provided a crosscutting insight on a myriad of strategies used by firms to respond to different environmental situations. Such strategies include: Vertical integration strategies, diversification, strategic alliances mergers and acquisition and internalization strategies. He views effectiveness in terms of how well a firm responds in a timely manner in the wake of the environmental changes.

1.1.1 Safaricom PLC

Safaricom is a company providing specialized telecommunications services. It is ranked among the best and top performers in the telecommunication industry in Kenya. The industry is highly competitive in the country and therefore it is very important for the companies in the telecommunication industry to be keen on the level of customer satisfaction required. Safaricom is on the list of Nairobi stock exchange market with its share price slow but steady that ranges from 4-6 Kenyan shillings. What is interesting is that the share price is low since it has been in the stock exchange market for above 2 years from its Initial Public Offer (IPO) of 5 shillings from 28th March 2008. According to some reports, the Safaricom IPO got oversubscribed by 532%.

The Safaricom PLC Company commenced its worldwide global systems for the mobile communications (GSM) official operations on 16th May 2002 where it ceased to be a private company and become a public company with limited liabilities under the companies Act. It had initially been established on 3rd April 1997. Safaricom leads in providing converged communication solutions which is also on matters of voice operations, on the company's home page there is data and video requirement. Safaricom also provides high-speed data broadband to its clients on 3G network. It is also part of the services in the community such as health, sports, education, culture and environment, and the related projects in the spirit of giving back to the community. All the projects can be viewed on the homepage of the company under Safaricom Center.

Kenya's largest Mobile Network Operators (MNO), Safaricom launched a Mobile Money Transfer (MMT). M-PESA an innovative payment service for the unbanked in March 2007. Within the first month, Safaricom had registered over 20.000 MPESA customers, well ahead of the targeted business plan (Hughes & Lonie, 2009). This rapid take up was a clear sign that the money transfer

service filled a gap in the market that had been largely ignored by the banks. The product concept is where an M-PESA customer can use their mobile phone to move money quickly, securely and across great distances, directly to another mobile phone user. The customer does not need to have a bank account and only needs to register for the M-PESA account.

The upward trend and speedy uptake of M-PESA signified that MMT service had become instrumental in providing the unmet demand for financial services, thereby promoting financial inclusion in the country. Due to the success of M-PESA competing mobile telecommunication companies. Airtel, Yu and Orange introduced similar MMT competing services. Airtel money, Yu cash and Orange money respectively. Banks also integrated with MMT services so as not to lose the bankable market. As successful as M-PESA is, its sustainability will be studied. The purpose of this study will be to use the Porters Five Forces model to determine the effectiveness of competitive strategies of M-PESA.

1.2 Statement Problem

Competitive strategies utilized by firms in their tasks change generally relying upon the working condition. The current operational set up in Kenya's correspondence area is a dynamic one and exceptionally focused with the development of numerous private correspondence organizations. The competitive strategies includes incorporate market portfolios with sufficient human and capital assets, social obligation exercises, mark pictures, comfort retailing, promoting share position and time span in the business. As of late, government and universal givers have tested correspondence organizations in Africa to legitimize their reality and their cases to the gigantic clients they order.

Various studies have been done on competitive strategies yet under various settings in Kenya. Gathoga (2011) concentrated on focused systems by business banks in Kenya. The study uncovered that banks in Kenya utilize different means so as to stay focused. He additionally inferred that venture into different regions by opening new branches has likewise been utilized as a procedure; Karanja (2012) completed a review of competitive strategies of real estate firms in the point of view of Porters generic model. These investigations uncovered that organizations in various ventures receive distinctive competitive strategies which are one of a kind in every specific

circumstance. Regardless of this foundation, limited investigations have been done to decide the impact of competitive strategies on mobile money in Kenya as they work inside such a domain. As a result of the liberation, turbulence in the economy, new government policies and sprouting of many communication firms, this firms have been undergoing changes to survive and compete effectively as more and more entities get certifications to operate. The proposed study has been motivated by the need to fill this gap in knowledge. The study therefore this study seek to establish the effect of competitive strategies on mobile money with specific attention to M-PESA in Kenya.

1.3 Objectives of Study

1.3.1 General objective

The study seeks to determine the effectiveness of competitive strategies of M-PESA at Safaricom PLC in Kenya.

1.3.2 Specific Objectives

- i. To determine the effectiveness of cost leadership strategy on competitive strategies of M-PESA at Safaricom PLC in Kenya.
- ii. To establish the effectiveness of market development on competitive strategies of M-PESA at Safaricom PLC in Kenya.
- iii. To explore the effectiveness of product development on competitive strategies of M-PESA at Safaricom PLC in Kenya.
- iv. To analyze the effectiveness of strategic innovation on competitive strategies of M-PESA at Safaricom PLC in Kenya.

1.4 Research Questions.

- i. Does effectiveness of cost leadership affect competitive strategies of M-PESA at Safaricom PLC in Kenya?
- ii. How does effectiveness of market development affect competitive strategies of M-PESA at Safaricom PLC in Kenya?
- iii. Does effectiveness of product development affect competitive strategies of M-PESA at Safaricom PLC in Kenya?
- iv. How does effectiveness of strategic innovation affect competitive strategies of M-PESA at Safaricom PLC in Kenya?

1.5 Significance of Study

Safaricom PLC

The management of Safaricom PLC ascertain the role of competitive strategies in shaping their operations and how they are affected by effectiveness. This was also important in establishing the kind of competitive strategies to employ to remain competitive.

Communication Authority of Kenya (CAK)

The CCAK as the regulator of communication benefited from the research study as it informed them of the various competitive strategies that firms can put in place to enhance effectiveness. The information was also helpful to the authority to formulate policies that would benefit the communication sector.

Scholars

The findings of the study was valuable to future researchers as they would premise their studies on this. The academicians and students would use the study to make discussions especially on competitive advantage. They would also use it as reference materials in their future studies.

1.6 Scope of Study

The study explored competitive strategies in the communication sector in Kenya and how effectiveness affects it. The study was done on Safaricom PLC head office at Safaricom house along Waiyaki way where information was collected from the management and the general staff. The participants targeted were 188 and the study was done from January to June 2018.

1.8 Chapter Summary

The chapter discussed the study background where competitive strategies and effectiveness is explored and the Safaricom company profile where M-PESA was explored and how it is used. The statement problem explains why the study was relevant. The objectives of the study forming the research questions were: cost leadership, market development, product development and technology innovation. The significance, scope and study limitation also explored.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The chapter presents the theories that guides the study, the empirical literature from researchers that is related to the study, the research gaps, conceptual framework and operationalization of variables.

2.1 Theoretical literature Review

The section focuses on the theories that the study is anchored on the following theories are discussed; Porter's five forces theory, theory of strategic balancing and strategic management theory.

2.1.1 Porter's Five Forces Theory

Porter (2008) recognizes five powers of competition as furious contention, risk to section, danger to substitutes, intensity of providers and intensity of purchasers. He maintains that understanding the powers that shape areas of competition is the reason for building up a technique. Non -specific techniques can be viably associated to authoritative execution by utilizing key vital practices. Porter sets that if the powers are outrageous, no association gains striking rates of return and if the powers are kindhearted, the vast majority of the organizations are beneficial. The combination of the five powers shifts by industry and that an association needs a different system for each unmistakable industry, for example, the state funded colleges. Porter's (2008) generic procedures include minimal effort, separation, center and mix of methodologies. These are generally regular as a vital typology for all associations. Porter (2015) attests that an association is for the most part worried about the measure of competition inside its industry. He states that ease and separation are particular closures of a continuum and that may for reasons unknown be identified with each other has started a lot of hypothetical level headed discussion and experimental research. This open deliberation may have been somewhat empowered by the nonappearance of applied building and

supporting his esteem framework hypothesis. Researchers have since hypothesized speculations that contend against Porter's perspective, suggesting that ease and separation may truly be free measurements that ought to be unequivocally sought after simultaneously (Fournier, 2008). Observational research utilizing the MIS database by Miller and Dess (2010) recommends that the generic procedure system could be improved by survey cost, separation and center as three measurements of key situating other than as three discrete methodologies. The possibility that seeking after different wellsprings of upper hand is both plausible and appealing has additionally been reinforced by different scientists (White, 2008). Hence, the exploration in key administration following from Porter does not give express help to Porter's unique plan.

Porter's model is a persuasive apparatus for deliberately diagnosing the fundamental focused weights in a market and surveying how solid and critical everyone is. Kitoto (2015) observed that a right examination of the five powers will help a firm pick one of the generic techniques that will effectively empower the association to contend productively in an industry. Supervisors in the state funded colleges along these lines can just create and pick winning techniques by first recognizing the aggressive weights that exists, estimating the virtual quality of each and picking up a significant comprehension of the division's entire focused structure.

Porter's esteem chain approach takes into account the assurance of the engaging quality of the business. With the information about force and intensity of focused powers, colleges would then be able to create choices to impact them in a way that enhances their own particular aggressive position. To survive, the colleges must adjust their methodologies to suit the dynamic commercial center. The triumphant methodology chose can change the effect of focused powers on the firm. The point is to diminish the intensity of aggressive powers. Although various organizations seeking after cost and separation simultaneously may wind up caught in the center, there is patent proof to recommend that in any event a few organizations have been triumphant in accomplishing higher financial execution by seeking after the two preferences (Bresnahan and Reiss, 2010).

2.1.2 Theory of Strategic Balancing

Strategic balancing is established on the foundation that the system of an organization is somewhat practically identical to the strategy of a person. Surely, the execution of organization is influenced by the actors' conduct, for example, the arrangement of leaders' esteems (Collins et al., 2009). An organization weakens between numerous opposing channels that indicate participation and rivalry. This takes into consideration presence of different arrangements of organizations that vanish just if the partnership swings toward a standard of channels of encounter. Strategic balancing contains three models which include: social, symbiotic and deployment models. Competition bears witness to be a part of the social model and the model of deployment. It can be at risk to ripple between the two aggressive strategies, one being essentially agreeable as delineated by the social model and the other being transcendently contending as exemplified by the model of deployment. The organization would then be able to alternate in receiving the two systems to keep their relationship adjusted.

This argument is close to that of Belsley et al, (2010). According to Belsley et al, (2010), there are three sorts of focused connections: competition relationships: competition –dominated, cooperation-dominated, and equal relationships. The latter is also comparable to the fluctuation between the relational model and the model of deployment as described by Barney (2012). Competitive strategies, should focus on the management-needs recognition process. A number of Universities have achieved this. Hammer and Champy (2010) used the key intelligence topics (KIT) process to identify and prioritize the major intelligence needs of senior management and the organization itself. This ensured that intelligence operations were successful and suitable intelligence was produced. Their approach is critical since it allows corporate intelligence staff to recognize strategic issues and as a result senior management can guarantee that action is taken regarding the results given. The additional advantages are that an early warning system can be created and this will allow possible threats to the organization and major players in the industry are identified and monitored.

Strategic balancing is established on the premise that the technique of an association is mostly practically identical to the system of a person. Positively, the execution of associations is influenced by the actors' conduct, for example, the arrangement of leaders' esteems (Collins et al.,

2009). An association falters between numerous adversarial channels that imply participation and rivalry. This considers presence of different setups of partnerships that vanish just if the organization together swings toward a standard of posts of encounter. Strategic adjusting is contained three models which include: social, cooperative and arrangement models. Rivalry confirms be a piece of the social model and the model of organization. It can be obligated to wave between the two forceful techniques, one being fundamentally helpful as portrayed by the social model and the other being transcendently contending as exemplified by the model of arrangement. The association would then be able to alternate in receiving the two systems in order to keep their relationship adjusted.

As indicated by Belsley et al, (2010), there are three sorts of aggressive connections: rivalry commanded, collaboration overwhelmed, and square with connections. The last is likewise similar to the variance between the social model and the model of arrangement as portrayed by Barney (2012). Aggressive methodologies, should focus on the administration needs acknowledgment process. Various Universities have accomplished this. Mallet and Champy (2010) utilized the key insight points (KIT) procedure to recognize and organize the significant knowledge needs of senior administration and the association itself. This ensured knowledge tasks were effective and reasonable insight was delivered. Their approach is significant since it permits corporate knowledge staff to perceive key issues and subsequently senior administration can ensure that move is made with respect to the outcomes given. The extra favorable circumstances are that an early cautioning framework can be made and this will enable conceivable dangers to the association and significant players in the business are distinguished and observed.

2.1.3 Strategic Management Theory.

The Profit Impact of Marketing Strategy (PIMS) theory was developed in the mid-1960s at the General Electric Company and is a large scale study designed to measure the relationship between business actions and business results in an organization. According to Gupta 2003, the PIMS comprises of a database of business strategies that are used to generate benchmarks and identify winning strategies, a set of data derived business strategy principles to guide strategic thinking and strategic measurement. The PIMS has a methodology for diagnosing business problems and opportunities, and for measuring the profit potential of a business. The Resource based theory of

competitive advantage aims at identifying and classifying the firm's resources, appraises the strengths and weakness relative to competitors and identifies opportunities for better utilization. This theory looks at the firm's capabilities, what the firm can do more effectively than its rivals and appraises the rent generating potential of resources and capabilities in terms of their potential for sustainable competitive advantage and good of their returns. Finally this theory selects a strategy which best exploits the firm's resources and capabilities relative to external opportunities and it identifies the resource gaps which need to be filled by investing in replenishing, augmenting and upgrading the firms resource base. The Scoff Product-Market Growth Matrix portrays alternative corporate growth strategies and focuses on the company's present and potential products and markets. The matrix helps companies understand what actions need to be carried out given the current performance of the business and this theory is suited to company that is in need of a strategic change in order to maintain growth. According to Macmillan and Tampoe (2010), choice and strategic choice refer to the process of selecting one option for implementation, in relation to Ansoff product / Market matrix this means that a company need at some point in their growth phase to make a decision as to what products or services they should offer in which markets. The matrix tries to identify the position of the company now, where the company wants to be, where the company will be without a change in the strategy and establishes the gap between the two.

2.2 Empirical Literature Review.

The section presents the empirical literature that have been obtained by other scholars where the research gaps are identified and informs the current study.

2.2.1 Cost leadership strategy on effective competitive strategies

According to Porter (2008), when a firm manages benefits that surpass the normal for its industry, the firm is said to have an upper hand over its adversaries. The objective of quite a bit of business system is to accomplish an economical upper hand, which can be accomplished through cost advantage. Cost leadership technique is normally created around association wide productivity, in this way for firms executing the cost authority methodology to keep up a solid focused position and maintain their net revenue for a significant timeframe; they need to put a premium on

effectiveness of tasks in every single useful zone (Porter, 2008). Firms that actualize a cost initiative system can anchor generally expansive piece of the pie by being the least cost makers and specialist organizations in their industry or market. In this way, firms executing the cost leadership system can get above-typical benefits in view of their capacity to bring down costs to coordinate or even beneath those of contenders and still procure benefits. By seeking after low costs, organizations work productively, as well as turn into a viable value pioneer, undermining competitors' development in the business through its prosperity at value war and undermining the gainfulness of contenders, at that point the firm can offer lower costs, higher quality, or both (Spulber, 2009). By improving best-hone hierarchical procedures, with watchful checking on obtaining uses, use of computer and interchanges innovation in a financially savvy path, trimming of overhead cost, and productive activities, a firm can accomplish the cost decrease. At times, cost diminishment can likewise be accomplished by outsourcing assembling and leadership when outsider suppliers offer lower-cost options. With a similar quality level yet bring down cost, the ease firm might undermine the cost of contending firms. The explanation behind applying the methodology on cost initiative is to get the favorable position by diminishing monetary expenses among its rivals (Barney, 2012). This technique features productivity by delivering qualified and institutionalized items or administrations, in the meantime, with economies of scale and experience bend, the firm endeavors to increase reasonable upper hand among its rivals.

Essentially, the firm has two noteworthy approaches to keep up this cost advantage either by controlling the cost drivers, which implies that a firm can pick up preference as indicated by the cost drivers of significant worth exercises uncovering a significant extent of aggregate cost; or by reconfiguring the esteem chain, at the end of the day, with the reception of various and more effective approaches to make, advance, convey and plan the item, a firm can likewise pick up a cost advantage (Porter, 2008). As indicated by (Palepu and Healy, 2008), a firm may create a relative low net revenue by receiving the procedure of cost leadership. Cost authority technique encourages firms to create the standard, high-volume item or administration and no more focused cost to clients. By accentuating on a cost authority methodology is to a great extent to make higher budgetary execution for firms contending in rising economies, as firms can pick up a relative favorable position in light of their lower costs in labor response and assembling. Besides, from the clients' perspective, the methodology of cost-initiative discovers the most enchanting issue (bring

down cost) in rising economies, offering the item or administration to individuals with low level of extra cash (Caroline, 2008). In the event that a firm can accomplish and maintain general cost authority, at that point it will be a better than expected entertainer in its industry gave it can charge costs at or close to the business normal. At proportionate or bring down costs than its opponents, a cost pioneer's minimal effort position converts into higher returns.

A feasible focused technique appears through the dynamic interaction between a firm and its outside condition, manageability accordingly is more available in businesses with in excess of one prevailing methodology since contenders might not have an indistinguishable choices from the officeholder association (Montgomery and Porter, 2009). However, there have been much improvements and headways in the hypotheses rotating around the entire aggressive methodology idea, the thoughts and work of Michael Porter, that techniques can be arranged into nonexclusive classes in particular, cost authority, separation, center or a mix has been the most compelling throughout the years contrasted and some other essayists in thinking about hierarchical systems. As indicated by Porter these non-specific procedures if utilized effectively are equipped for accomplishing better than expected industry comes about among the contenders.

Strickland (2014) observes that in cost initiative, a firm embarks to wind up the ease maker in its industry for a given level of value. This can be at a normal industry cost to procure a benefit higher than the opposition or underneath the normal cost to develop piece of the pie. This ends up helpful in a value war condition where the firm may hold a few benefits and the opposition booking loses. Porter (2010) exhorts that cost initiative requires forceful development of productive scale offices, fiery cost diminishments as a matter of fact, tight cost bend control and cost amplification in different capacities. While seeking after minimal effort administration, the organizations must guarantee to incorporate highlights and administrations that the shoppers think about fundamental. This technique benefits the firm in withstanding serious value rivalry. New contestants are additionally deflected by ease capacities (Lina, 2013). Note that mild systems posture dangers and the minimal effort procedure is no special case.

Different firms might have the capacity to bring down their expenses too through economies of scale, exclusive innovation, and special access to crude materials among different elements. In light of this, the upper hand will be wiped out. Different firms may decide on a concentration

technique focusing on tight markets and might have the capacity to accomplish even lower costs inside these sections and develop their piece of the pie. Lynch (2015) features that an organization might be a cost pioneer yet that does not really infer that the company's items will have a low cost. In a few cases, the firm can charge a normal cost while following the minimal effort authority procedure and reinvest the additional benefits into the business.

Hitt (2011) observes that ease makers normally offer a standard or "straightforward" item and place a significant accentuation on procuring scale or supreme cost focal points from all sources. Dangers of cost initiative incorporate the accompanying: the minimal effort pioneers could end up out of date on account of contenders' mechanical development; because of an excessive amount of focus on executing cost administration firms may neglect to distinguish changes in client needs or contenders' endeavors to separate; lastly there is danger of impersonation by contenders. Another hazard as indicated by Porter (2008) is that expansion in expenses may limit the association's capacity to keep up enough of the value differential to balance the contenders' image pictures or different ways to deal with separation.

2.2.2 Market development on effective competitive strategies

Pearce and Robinson (2010) takes note that market development methodology comprises of showcasing present items, frequently with just restorative adjustments, to clients in related market regions by including channels of dissemination or by changing the substance of publicizing or advancement. Firms that open branch workplaces in new urban communities, states or nations are rehearsing market improvement. Firms can likewise enhance or showcase advancement on the off chance that they change from publicizing in the exchange distributions to promoting in the daily paper.

Market development enables firms to sharpen a type of concentrated development by recognizing new uses for existing items and new demographically, psychographic confederate or geologically characterized markets. Changes in media determination, special interests and dissemination are utilized to start this approach. As indicated by Ansoff (2011), setting advancement includes offering an effectively existing item into a market that was not purchasing the item previously; the methodology can include pitching the item to various client fragment, offering the item in another

region or areas in which the item was not being sold or even in business sectors out of the nation. The strategies each organization put in place to enter and operate in the new market plays important role in the ability of the organization to maintain its dominance in the market. Some of the strategies used by organization to sustain the first mover advantage include creation of high switching costs. With existence of one product in the market, a customer adopts to the characteristics of the product and the pioneer company finding it difficult to change to other brands that later come into the market, this can be achieved by offering high quality products that meet the needs of customers (Wernerfelt, 2015). Companies entering a market that had not been explored needs to create appropriate distribution channel, appropriate product packaging, pricing.

Organization entering into the market that has no competition makes it a first entrant into that market. In many cases, being first entrant into a market gives organization opportunity to enjoy first mover advantage. This provides the organizations with superior brand recognition and customer loyalty which provides sustained market-share advantage over later entrants; this rewards them with huge profits and monopoly-like status in the market. With later entrants into the market by competitors, first movers may suffer loss of market share in situations brought about by the first mover disadvantage (Marvin, 2009). Some of the first mover disadvantage includes “free-rider effect” in which late entrant ride on the investment of pioneers in areas like consumer education, infrastructure developments and personnel training. This reduces the cost of operations for the late entrants but reduce the profitability of the pioneer organization. Market uncertainty puts the first movers at the risk of dealing with the unknowns thereby increasing the risks of operating in the new market. In most cases, late entrants have been in position to study and analyze behavior of consumers in an existing market giving them advantages of identifying and targeting appropriate customers in the market depending on their needs, a disadvantage that the pioneer company have to cope with (Marvin, 2010). There are two major concepts used by the multinational organization to develop market for their products and increase overall performance in the emerging markets, these concepts include the Bottom of the Pyramid (BOP) strategy that was developed by Prahalad (2014) and the blue ocean strategy developed by Kim and Mauborgne (2015).

2.2.3 Product development on effective competitive strategies

The investigation done by a few researchers demonstrates that product development includes the generous adjustment of existing products or the formation of new yet related items that can be promoted to ebb and flow clients through built up channels (Pearce & Robinson, 2010). The product development technique frequently is embraced either to drag out the existence cycle of current product or to exploit a most loved notoriety or brand name. The thought is to draw in fulfilled clients to new products because of their positive involvement with the company's underlying advertising. The item improvement procedure depends on the entrance of existing markets by combining product adjustments to the current product offering.

Compelling resistance against substitute products may require aggregate industry activity. While promoting by one firm in an industry does little to reinforce the business' situation against a substitute, overwhelming and managed publicizing by all industry members may well enhance the business' aggregate position against the substitute. Comparative contentions apply to aggregate industry reaction through industry gatherings and different means in regions, for example, product quality change, showcasing endeavors and item dispersion (Saunders & Lewis, 2011). According to Bartb, (2013), trend investigation can be critical in choosing whether organization approach ought to be coordinated toward taking off a substitute deliberately or tolerating the substitute as a key aggressive power. Electronic alert frameworks, for an illustration, speak to an intense substitute in the security monitor industry

. Electronic frameworks can just turn out to be more imperative as a substitute since work serious guard administrations confront inevitable cost heightening, while electronic frameworks are exceedingly prone to enhance in execution and decrease in cost. Here the suitable reaction of security guard firms is likely to offer bundles of guards and electronic frameworks, with the security protect re-imagined as a talented administrator, as opposed to endeavor to contend with electronic frameworks with a conventional monitor benefit Buyers speak to a focused power since they can offer down costs, request higher quality or more administrations, and play contenders off against each other all to the detriment of industry gainfulness. The intensity of each critical purchaser aggregate relies upon various qualities of its market circumstance and on the relative significance of its buys from the business contrasted and the business' general business (Carlton &

Dennis 2009). As per Pearce and Robinson (2015). A purchaser gathering will be great on the off chance that it buys extensive volumes in respect to vender deals, with the goal that holding its business is fiscally critical to the merchant. Vast volume purchasers are especially intense powers if substantial settled expenses describe the business and up the ante to keep limit possessed. Purchaser control is improved if the items bought from the business speak to a critical division of aggregate buys.

Similarly, a purchaser experiencing low benefits has extraordinary motivation to bring down obtaining costs. Providers to Chrysler, for instance, are whining that they are being squeezed for unrivaled terms. Exceptionally gainful purchasers are by and large less pace delicate and more worried about the long-run wellbeing of their providers (that is, except if the buy speaks to a substantial part of their costs) (Saunders & Lewis, 2011). On the off chance that purchasers are either as of now in part coordinated or represent a solid risk of in reverse combination, they are in a situation to request haggling concessions. Real vehicle makers like General Motors and Ford much of the time utilize this bargaining lever (Yin, 2009). They participate in the act of decreased mix, or creating a portion of their requirements for a given segment in-house and buying the rest from outside providers. Not exclusively is their risk of further incorporation especially trustworthy, yet fractional make in-house gives them point by point learning of costs, which is an incredible guide in transaction. Purchaser power can be in part killed when firms in the business offer a risk of forward coordination into the purchaser's business (Saunders, M and Lewis, P. 2011).

As indicated by Haiss (2012) in an investigation of 200 new business products achievement and disappointment presented in the range of 100 organizations uncovered main considerations that separate victors from failures. These factors were, superiority of the new product, strong market orientation and marketing proficiency, and superior technological and production capabilities. Superiority of the product refers to other competing products in terms of better meeting products in terms of better meeting customer's needs, unique features not found in competitive offering, high quality, innovativeness and lower cost to customers. Strong market orientation and marketing proficiency was characterized by the good research prior to product development, good understanding of the market, strong market and distribution efforts, and guidance by knowledgeable marketing people. Superior technological and production capabilities implied that the company had a strong and capable engineering and production base for the new product. Based

on these studies, according to Ewah (2009), it can be adduced that certain factors positively affect new product success. For instance, high quality offerings are more likely to succeed than low quality product. The product that better meets customers' needs and offer benefits not found in competitive products stand a better chance of succeeding. In addition, new product success is enhanced when competent and faithful marketing personnel direct the product launch

2.2.4 Strategic innovation on effective competitive strategies

Li and Atuahene-Gima (2011) consent that the proof for an implanted strategic innovation is subjective. Further, the writing gives two particular sorts of key introduction measures. One recognizes whether the association has an advancement technique (Cooper, 2009). Alternate agree that organization exists and investigates its adequacy by additionally measures of key fit (Bessant et al, 2013). It has been discovered that more inventive firms receive diverse operational techniques to suit adaptability and quality capacities and have a scope of various money related intends to encourage slack assets.

Innovations give firms a vital introduction to beat the issues they experience while endeavoring to accomplish economical upper hand (Drucker, 2011; Kuratko et al., 2015). Innovation as a term isn't just identified with products and procedures, but on the other hand is identified with advertising and association. Schumpeter (2014) portrayed diverse kinds of advancement: new products, new strategies for creation, new wellsprings of supply, the abuse of new markets, and better approaches to sort out business. Drucker (2011) characterized advancement as the procedure of preparing in new, enhanced abilities or expanded utility. Strategic innovation is considered as improvements and new applications, with the motivation behind propelling freshness into the monetary territory. It can be considered as the change of learning to business esteem. Innovation has incredible business significance because of its potential for expanding the productivity and the benefit of organizations. According to Fagerberg et al. (2014), the key explanation behind creativity is the craving of firms to acquire expanded business execution and expanded aggressive edge. Organizations secure extra upper hand and piece of the pie as per the level of significance they provide for developments, which are indispensable elements for organizations to fabricate a notoriety in the commercial center and in this manner to build their piece of the pie.

Locally, different examinations on the point of development have been done by various specialists. Aswani (2010) completed an examination on key advancements and execution of state funded colleges. The examination reasoned that there exist a positive connection between vital development and execution of state funded colleges. Kemoli (2010) completed an investigation on vital advancements and execution of business banks recorded in NSE. The examination presumed that recorded business banks had digressed from the current business leads and occupied with production of new and critical client esteem and that vital development was installed in their corporate methodology. Karanja (2009) did an examination on development systems received by insurance agencies in Kenya. The investigation reasoned that organizations with solid innovation empowered development procedures will probably anchor upper hand and make predominant investor esteem. Lusweti (2009) looked into advancement systems embraced by radio stations in Kenya. This investigation inferred that advancement methodologies are exceptionally fundamental in any business and thus they ought to be set up at any cost since it causes the association to understand their destinations.

To the extent investigation of methodology is concerned, the selection of procedures (regardless of whether shared or focused methodologies) is in this way imperative in overseeing advancement and in influencing the development to happen. Odhiambo (2008) did an investigation on development techniques at Standard Chartered Bank and reasoned that with the appearance of globalization, monetary organizations have been compelled to enhance their methods for working together keeping in mind the end goal to draw in and keep up existing clients. Such imaginative techniques center on all parts of the business tasks extending from client mind, innovative progression to better items in the market. As indicated by (Fagerberg and al., 2010), the key explanation behind creativity is the craving of firms to get expanded business execution and expanded aggressive edge. Organizations obtain extra aggressive procedures and piece of the pie as per the level of significance they provide for developments, which are indispensable variables for organizations to manufacture a notoriety in the commercial center and in this manner to expand their piece of the pie and nature of administration.

The advancement methodologies embraced by radio stations in Kenya (Luswetli and al., 2009), inspected this examination reasoned that development procedures are exceptionally fundamental in any business and henceforth they ought to be set up at any cost since it causes the association to understand their targets. To the extent investigation of system is concerned, the selection of procedures (regardless of whether community or focused techniques) is along these lines essential in overseeing development and in influencing the advancement to happen. The development systems conveyed by (Odhiambo and al., 2008), the Standard Chartered Bank and presumed that with the appearance of globalization, money related establishments have been compelled to enhance their methods for working together keeping in mind the end goal to draw in and keep up existing clients. Such creative systems center on all parts of the business tasks running from client mind, mechanical headway to better items in the market.

2.3 Research Gaps

On cost leadership, the study noted that firms that implement a cost leadership strategy are able to secure relatively large market share by being the lowest cost producers and service providers in their industry or market though there was no strategy implementation explored. Cost leadership strategy helps firms to produce the standard, high-volume product or service at the most competitive price to customers but factors to ensure the strategy achieves competitive price to customers not determined. The study further postulates that a sustainable competitive strategy comes into being through the dynamic interplay between a firm and its external environment, sustainability thus is more accessible in industries with more than one dominant strategy because competitors may not have the same options as the incumbent organization but nothing mentioned on how sustainability can be maintained. Also the literature affirms that cost leadership requires aggressive construction of efficient scale facilities, vigorous cost reductions from experience, tight cost curve control and cost maximization in various functions though the functions to facilitate this not explored.

On market development, the reviewed literature postulates that market development allows firms to practice a form of concentrated growth by identifying new uses for existing products and new demographically, geographically defined markets but no strategies explored to identify the new uses for existing products in the market. The study suggests that market development involves

selling an already existing product into a market that was not buying the product before; the strategy can involve selling the product to different customer segment, selling the product in a new area or regions in which the product was not being sold or even in markets out of the country but the study fails to establish the factors that ensure sustainability of such products in the new market. Then the literature assumes that some of the first mover disadvantage includes “free-rider effect” in which late entrant ride on the investment of pioneers in areas like consumer education, infrastructure developments and personnel training. This reduces the cost of operations for the late entrants but reduce the profitability of the pioneer organization but the study does not establish the remedy to this disadvantageous effect on the market.

On product development, the literature postulates factors that differentiate winners from losers. These factors are, superiority of the new product, strong market orientation and marketing proficiency, and superior technological and production capabilities though the study does not establish strategies for implementation of this factors. Strong market orientation and marketing proficiency was characterized by the good research prior to product development, good understanding of the market, strong market and distribution efforts, and guidance by knowledgeable marketing people but the research did not identify the challenges to product orientation and marketing. Further the study identifies that the product that better meets customers’ needs and offer benefits not found in competitive products stand a better chance of succeeding but this does not necessarily mean that success is guaranteed and therefore there was need for the study to identify the possibly factors that would affect success..

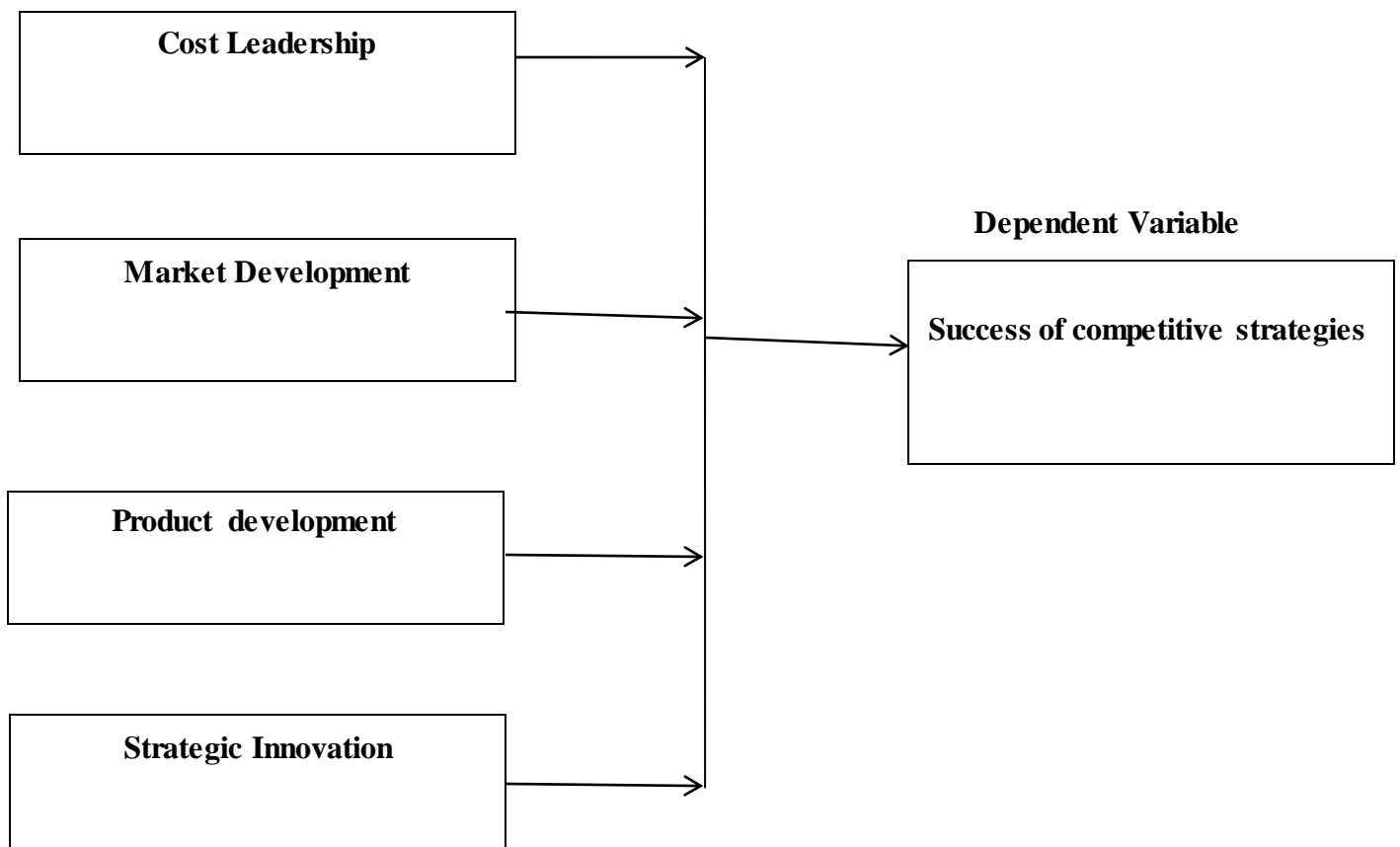
On strategic innovation, it was considered as developments and new applications, with the purpose of launching newness into the economic area. It can be conceived as the transformation of knowledge to commercial value but no tangible factors explored on how knowledge to commercial value can be achieved. Then the reviewed literature postulated that innovation strategies are very essential in any business and hence they should be put in place at any cost since it helps the organization to realize their objectives but the study did not establish cost regulation on putting up strategic innovation to ensure sustainability.

2.4 Conceptual framework

A conceptual framework is a figure that indicates how dependent variable and the independent variable relates. In the study the dependent variable is competitive strategies while independent variables are; cost leadership, market development, product development and strategic innovation with focus on effectiveness.

Figure 2. 1: Conceptual Framework

Independent Variables



2.5 Operationalization of Variables

2.5.1 Cost leadership

Cost leadership empowers foundation of a competitive advantage in the market. This can build deals and general turnover and help in any development designs. Any cost leadership procedure must be one in which one can accomplish the most reduced cost of task per unit of creation, contrasted with others in a similar industry. A general cost leadership approach focuses consideration on an organization's esteem chain bringing about ease items and administrations.

2.5.2 Market development

Market development involve increasing sales by selling an existing product into a new market that was originally considered non-profitable for the organization; this strategy enables organization to get more consumers for the products they currently offer. This strategy can be achieved by getting into new geographical market, creating new product dimensions like packaging, using new distribution channel or by creating a new market segment by offering different prices

2.5.3 Product development

Product development includes the considerable adjustment of existing products that can be advertised to current clients. Product development depends on the entrance of existing markets by fusing product change into existing things or by growing new products with a reasonable association with the current product offering. Item initiative has been utilized to counter competition by offering edge items and administrations, giving a surge of items and administrations and inventively adjusting to new and changing conditions while always seeking after new arrangements in the interest of clients and taking part in corporate social obligation on mark separation.

2.5.4 Strategic Innovation

Innovation seeks to harvest the superior edges related with creation and client acknowledgment of another product or administration. It is progressively viewed as a critical reason for supportable competitive advantage in organizations.

2.6 Chapter Summary

The theoretical literature review discusses three theories namely; porter's five forces theory which identifies that understanding the forces that shapes the competition of a sector determines the development of a strategy, the theory of strategic balancing suggesting that organizational strategy is partly comparable the strategy an individual uses, the strategic management theory aiming at identifying and classifying the firm's resources, appraises the strengths and weakness relative to competitors and identifies opportunities for better utilization.

The empirical literature review discusses the constructs under study being the cost leadership, market development, product development and strategic innovation. The reviewed literature under this section establishes the gaps that the studies did not bridge forming the basis of this study. Conceptual framework and the operationalization of the variables brings out the connection between the independent and dependent variables and then make a connection to the study.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.0 Introduction

The chapter presents the research design, target population, sample and sampling technique, research instruments, pilot test, data collection procedure, data analysis and then ethical considerations.

3.1 Research Design

Research design is the scheme, outline or plan that is used to generate answers to research problems (Noum, 2007). The study used a descriptive design to operationalize the research. This design is usually used when the study seeks to describe the characteristics of certain groups, estimate the proportion of people who have certain characteristics and make predictions. This design enabled the researcher to use both quantitative and qualitative research methods in data collection, analysis and interpretation.

3.2 Target Population

A population is a well-defined or set of people, group of things or households that are being investigated (Cooper and Schindler, 2003). The reliable target population should have observable features or characteristics that enables the study to generalize the results (Mugenda & Mugenda, 2003). Therefore the target population of the study was 188 employees of Safaricom limited drawn from management, M-PESA section staff and the general staff with strategies of the company.

Table 3. 1: Target Population

Category	Target population	Percentage
Management Staff	64	22
M-PESA section staff	148	51
General staff	76	27
Total	288	100

Source: Juliet 2018.

3.3 Sample and Sampling Technique

Cooper and Schindler (2003) define sampling as selecting a given number of subjects from a defined population as representative of that population. (Kothari, 2008) indicates that a sample stratified efficiency increased by a stratified proportional sample provides enough data for analysis of various populations. The method is not costly, efficient data collection and then access easy access to unit analysis and the study elements. Therefore a stratified sampling proportion was used to get a required representative unit of analysis due to the population being heterogeneous and the respondents have the equal opportunities to participate in the research. This method is efficient for data collection, not costly and facilitates easy access to the study elements and unit analysis. Cooper and Schindler (2003) argue that a sample size of between 10-30% of the target population can be adequate for generalization of the research findings to the study provided the sample is scientifically determined. Therefore the study used the sample size of 30%.

Table 3. 2: Sample and Sample Technique

Category	Target population	Percentage
Management Staff	19	22
M-PESA section staff	44	52
General staff	22	26
Total	85	100

Source: Juliet 2018

3.4 Research Instruments

Questionnaire

A structured questionnaire was used to collect data. The questionnaires are preferred in this study because respondents of the study are literate and quite able to answer questions asked adequately. According to Mugenda and Mugenda (2003), questionnaires are commonly used to obtain important information about a population under study. The questionnaire was carefully designed and tested with a few members of the population for further improvements.

Key Informant

Key informants was used by the researcher to collect qualitative data from the respondents. The selected staff managers, M-PESA section staffs and the general staff were notified through a letter to the management and then phone calls were done to arrange for time for interview. An outlined interview schedule was done based on the variables under study. The interview was audio taped and then transcribed by the researcher. The validity of the coding and interpretation was checked by external validation of a selection of the original tapes and transcripts by an experienced qualitative researcher and also by respondent validation by all of the informants. Minor modifications were made as a result of this process.

3.5 Pilot Study

The main reasons for conducting the pilot study was to ascertain the validity and reliability of the questionnaire before the study was carried out.

3.5.1 Validity test

The study used both face and content validity to ascertain the validity of the questionnaires and key informants. As a check on face validity, test/survey items were sent to the pilot group to of employees of Safaricom to obtain suggestions for modification (Rousson, Gasser and Seifer, 2002). Content validity drew an inference from test scores to a large domain of items similar to those on the test. Content validity is concerned with sample-population representativeness. Gillham, (2008) stated that the knowledge and skills covered by the test items should be representative to the larger domain of knowledge and skills.

3.5.2 Reliability of the Instrument

Reliability of the questionnaire was evaluated through administration of the said instrument to the pilot group of 20 respondents from selected employees of Safaricom who took part in the main

study. A construct composite reliability co-efficient (Cronbach alpha) of 0.6 or above, for all the constructs, was considered adequate for this study. The acceptable reliability coefficient is 0.6 and above (Rousson, Gasser and Seifer, 2002).

3.6 Data Collection Procedure

Data was collected using a self-administered questionnaire. The researcher assured the respondents about confidentiality of their responses. The researcher obtained an introductory letter from the University to collect data from the Safaricom PLC then personally deliver the questionnaires to the respondents and have them filled in her presence.

3.7 Data Analysis and Presentation

The process of data analysis involved several stages namely; data clean up and explanation. Data clean-up involved editing, coding, and tabulation in order to detect any anomalies in the responses and assign specific numerical values to the responses for further analysis. Completed questionnaires were edited for completeness and consistency. The data was then be coded and checked for any errors and omissions (Cooper and Schindler, 2003). Frequency tables, percentages and mean were used to present the findings. Responses in the questionnaires was tabulated, coded and processed by use of a computer Statistical Package for Social Science (SPSS) program to analyze the data using descriptive statistics. This generated quantitative reports through tabulations, percentages, and measure of central tendency. This provided the generalization of the findings on the effectiveness of competitive strategies of mobile banking with specific attention to M-PESA.

3.8 Ethical considerations

3.8.1 Informed Consent

The researcher ensured that the respondents agreed to take part in the process without any feeling of being pressured and were informed that information was being sought from them.

3.8.2 Voluntary Participation

The respondents were free to withdraw from the study at any point without giving reason. There was no coercion or force of any participant to take part and this was communicated explicitly to the participants.

3.8.3 Confidentiality

The respondents were assured of the data obtained from them being exclusively done for the study and no information shared to any other people or place.

3.8.4 Privacy

The privacy of the respondents was ensured by them not writing their names on the questionnaires and their identity not revealed to any other quarter.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.0 Introduction

The chapter presents the findings explored from methodologies and collected from the field which is then presented on tables and charts in regard to the research variables under study.

4.1 Presentation of Research Findings

4.1.1 Demographic Information

This section involves the personal information of the respondents that the research sort to be relevant to the study.

4.1.1.1 Gender

The study sort to establish the gender of the respondents and the results were tabulated in a table and graph.

Table 4. 1: Gender

Category	Target population	Percentage
Male	53	62
Female	32	38
Total	85	100

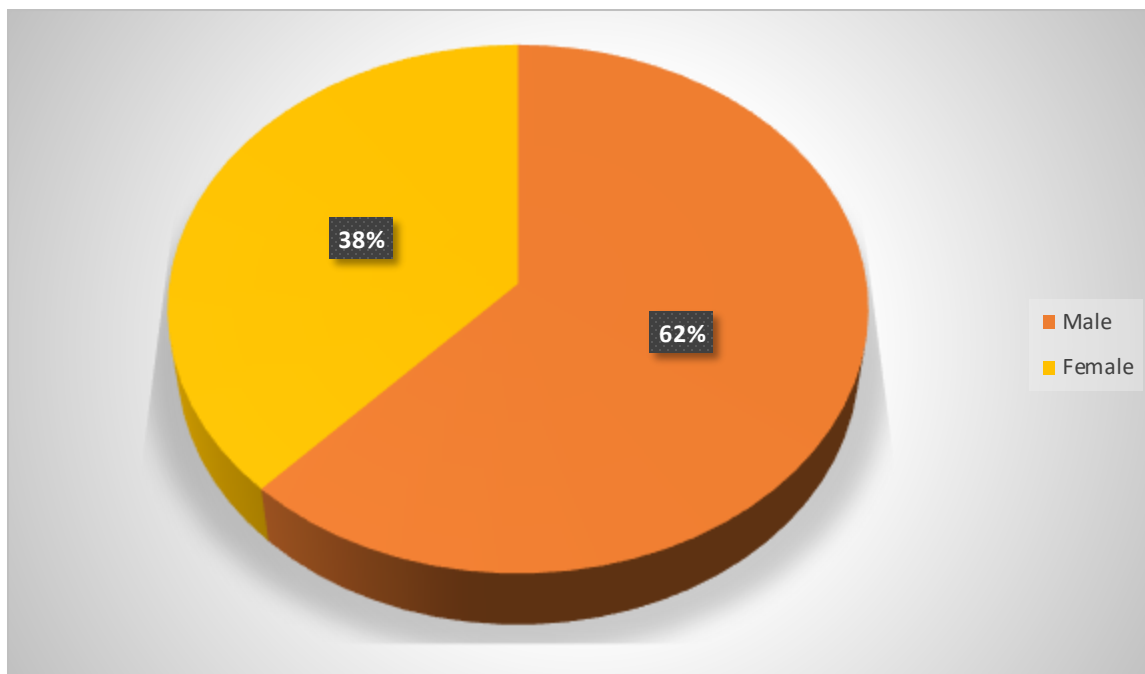


Figure 4. 1: Gender

The study established that male were the majority at 62% while female respondents were at 38% who took part in the effectiveness of competitive strategies on M-PESA.

4.1.1.2 Age

The research sort to find out the age of the respondents and the age brackets were tabulated on the table.

Table 4. 2: Age

Age	Target population	Percentage
18-25 years	6	7
26-35 years	45	53
36-45 years	21	25
46 and above years	13	15
Total	85	100

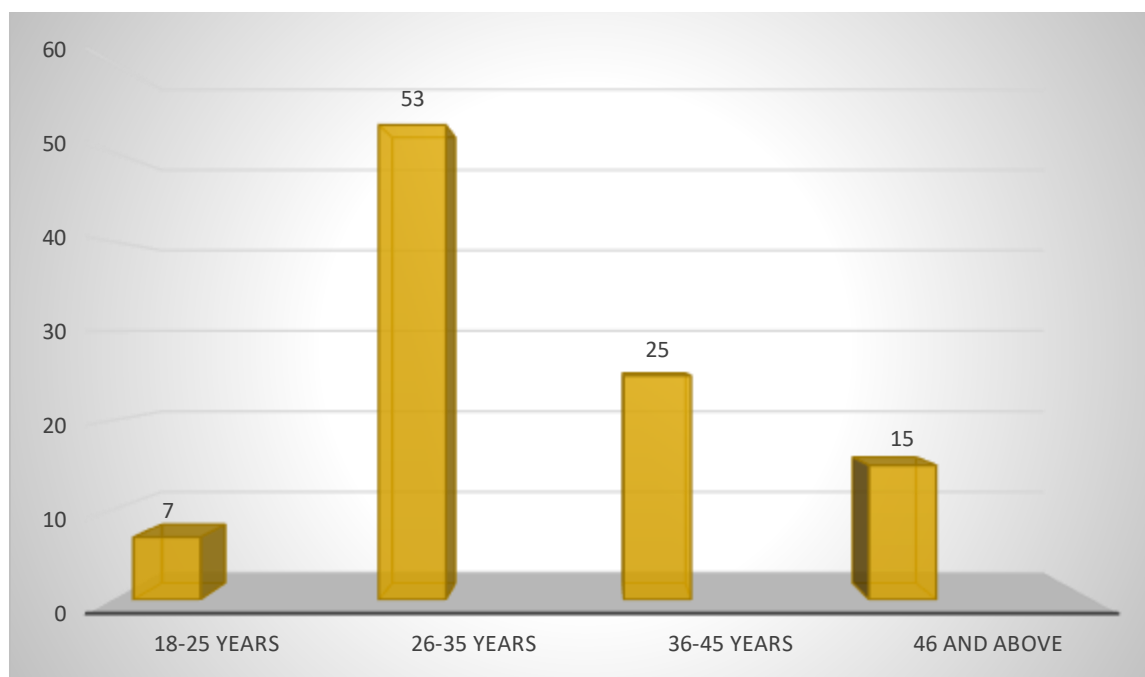


Figure 4. 2: Age

The findings indicated that those between the ages of 18-25 years were 7%, between 26-35 years at 53%, those between 36-45 years at 25% and those above 46 years were 15%.

4.1.1.3 Academic Qualifications

This was to find out the academic qualifications of the respondents and the results were recorded in the table.

Table 4. 3: Academic Qualifications

Academic Qualifications	Target population	Percentage
Certificate	12	14
Diploma	22	26
Undergraduate	38	44
Master's degree	10	12
Doctorate degree	3	4
Total	85	100

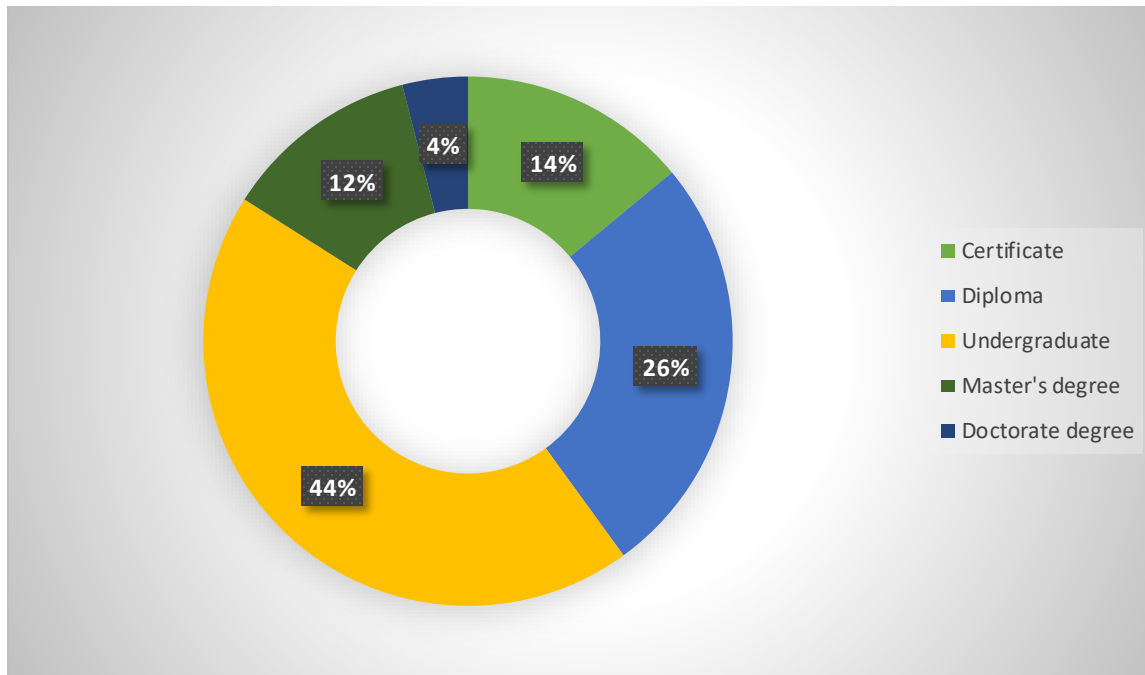


Figure 4. 3: Academic Qualifications

The study postulated that those respondents with certificate course were 14%, diploma were 26%, degree were at 44%, master's degree at 12% and then doctorate degree were at 4%. This was to confirm authenticity of the data obtained from the respondents on effectiveness of competitive strategies on M-PESA.

4.1.2 Cost Leadership

4.1.2.1 Cost leadership on market share

The aim of the researcher was to establish the extent at which cost leadership earn market share for the purposes of profit making.

Table 4. 4: Cost leadership on market share

Market share	Target population	Percentage
Very great extent	29	34
Great extent	32	37
Moderate extent	14	16
Less extent	10	13
Total	85	100

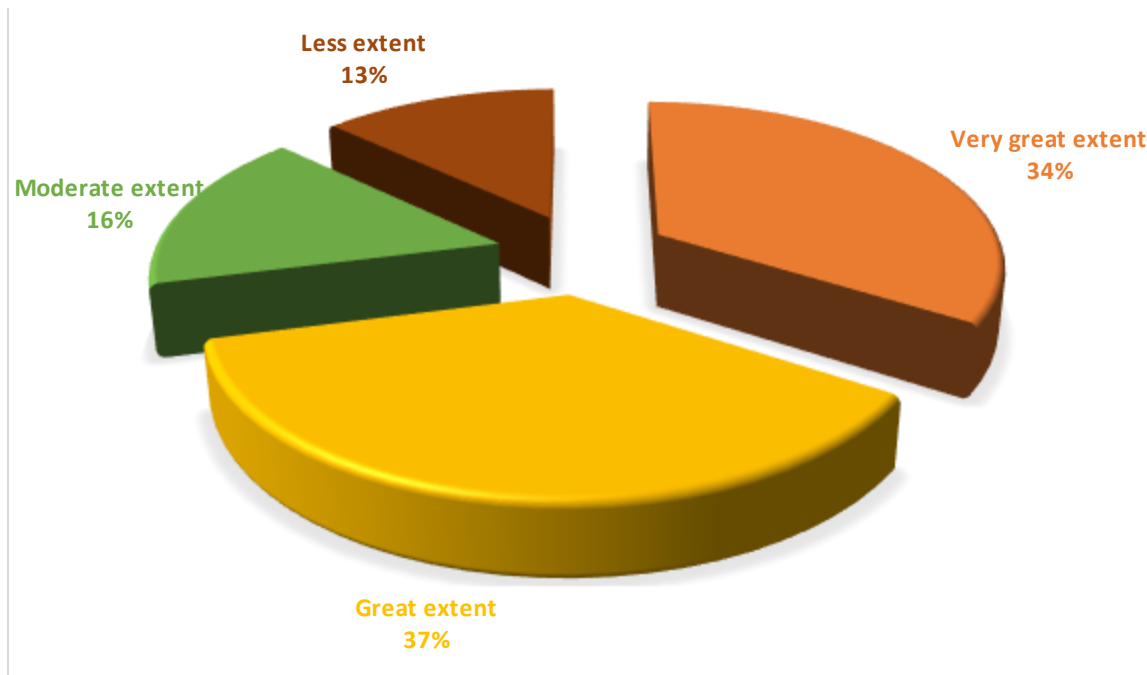


Figure 4. 4: Cost leadership on market share

The results from the study indicated that cost leadership earn the large market share in the perspective of profit making on the effectiveness of competitive strategies to a very great extent according to 34%, great extent at 37%, moderate extent at 16% and less extent at 13%.

4.1.2.2 New entrants low cost on cost leadership.

This was to find out if the new entrants with low cost in the market affect cost leadership on an identified new market.

Table 4. 5: New entrants low cost on cost leadership.

New entrants low cost	Target population	Percentage
Yes	56	66
Not sure	15	17
No	8	9
Don't know	6	8
Total	85	100

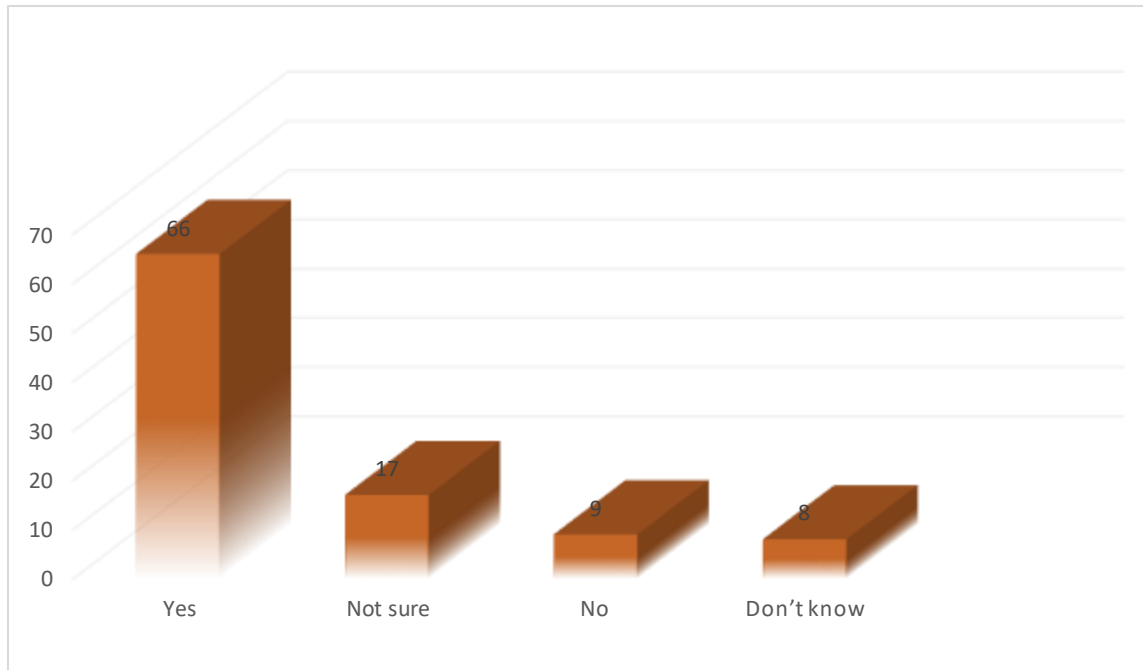


Figure 4. 5: New entrants low cost on cost leadership.

It was noted from the results that 66% agreed to new entrants with low cost in the market affecting cost leadership on an identified new market on the effectiveness of competitive strategies, 17% not sure, 9% did not agree and 8% didn't know.

4.1.2.3 Cost leadership on customer needs

The study explored the effects of cost leadership on detection of changes in customer needs or competitors effort in making a difference.

Table 4. 6: Cost leadership on customer service.

Customer service	Target population	Percentage
Positive impact	41	48
Moderate impact	32	37
Negative impact	10	11
No impact	2	4
Total	85	100

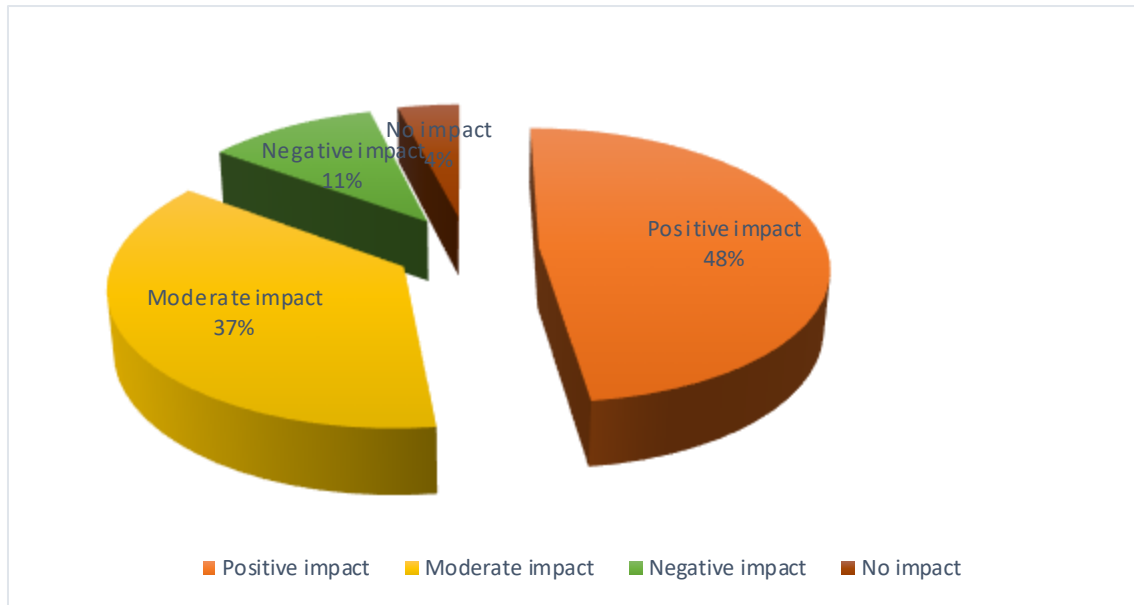


Figure 4. 6: Cost leadership on customer service.

The results showed that cost leadership have positive impact on the detection of changes in customer needs or competitors efforts to make a difference on the effectiveness of competitive strategies according to 48%, moderate impact 37%, negative impact 11% and then no impact at 4%.

4.1.3 Marketing Development

4.1.3.1 Opening new branches promotes market development.

The researcher wanted to find out if opening branch offices in new places, switching of adverts from trade publications to newspapers promotes market development.

Table 4. 7: Opening new branches promotes market development

Opening new branches	Target population	Percentage
Strongly agree	28	33
Agree	36	42
Disagree	15	17
Strongly disagree	6	8
Total	85	100

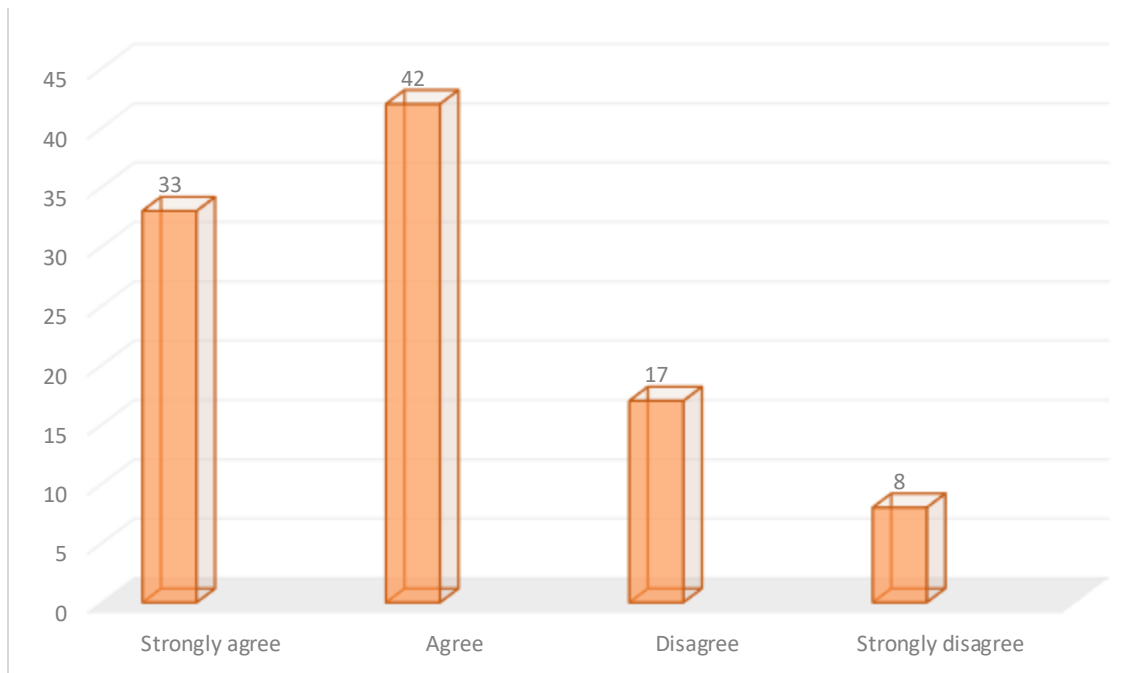


Figure 4. 7: Opening new branches promotes market development.

It was identified from the results that 33% strongly agreed to opening of branch offices in new places, switching of adverts from trade publications to newspapers promotes market development on the effectiveness of competitive strategies, 42% agreed, 17% disagreed and then 8% strongly disagreed.

4.1.3.2 Market development on customer loyalty.

This was to establish if market development facilitates the building of superior brand recognition and customer loyalty.

Table 4. 8: Market development on customer loyalty.

Customer loyalty	Target population	Percentage
Always	26	30
Sometimes	40	47
Rarely	12	14
No	7	9
Total	85	100

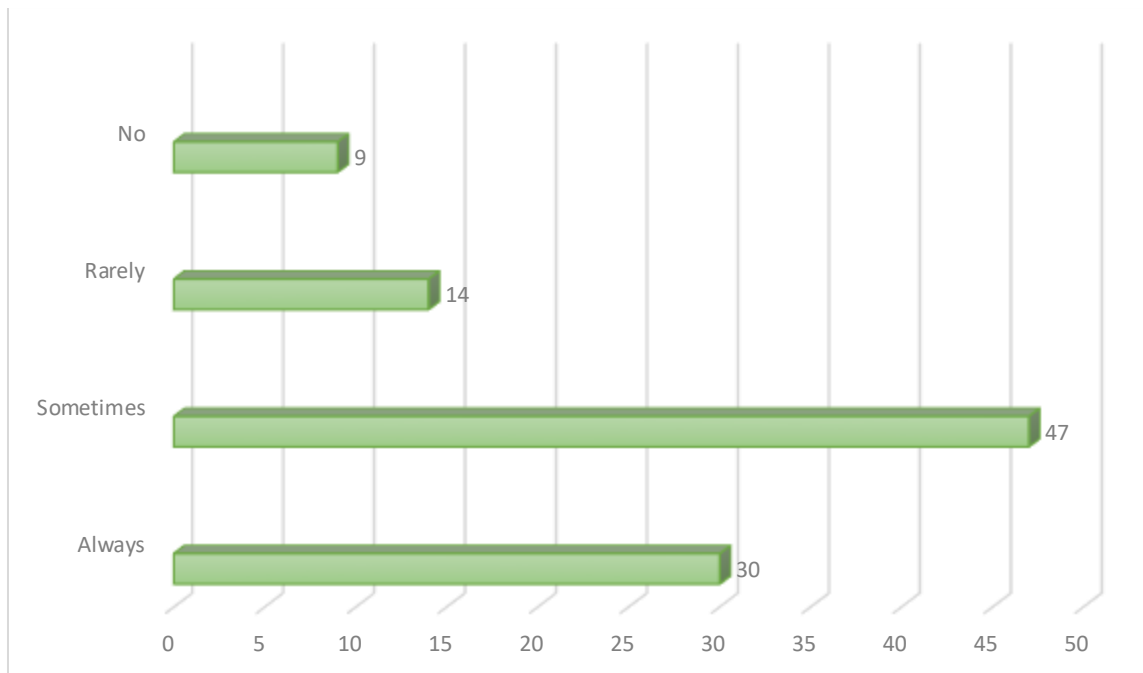


Figure 4. 8: Market development on customer loyalty.

It was clear from the results that market development always facilitates the building of superior brand recognition and customer loyalty on the effectiveness of competitive strategies according to 30%, sometimes at 47%, rarely at 14% and not at all at 9%.

4.1.4 Product Development

4.1.4.1 Product modification

The aim was to establish the facilitation of substantial modification of existing product on competitive strategy for the survival of the company.

Table 4. 9: Product modification

Product modification	Target population	Percentage
Yes	33	39
Sometimes	38	44
No	8	9
Don't know	6	8
Total	85	100

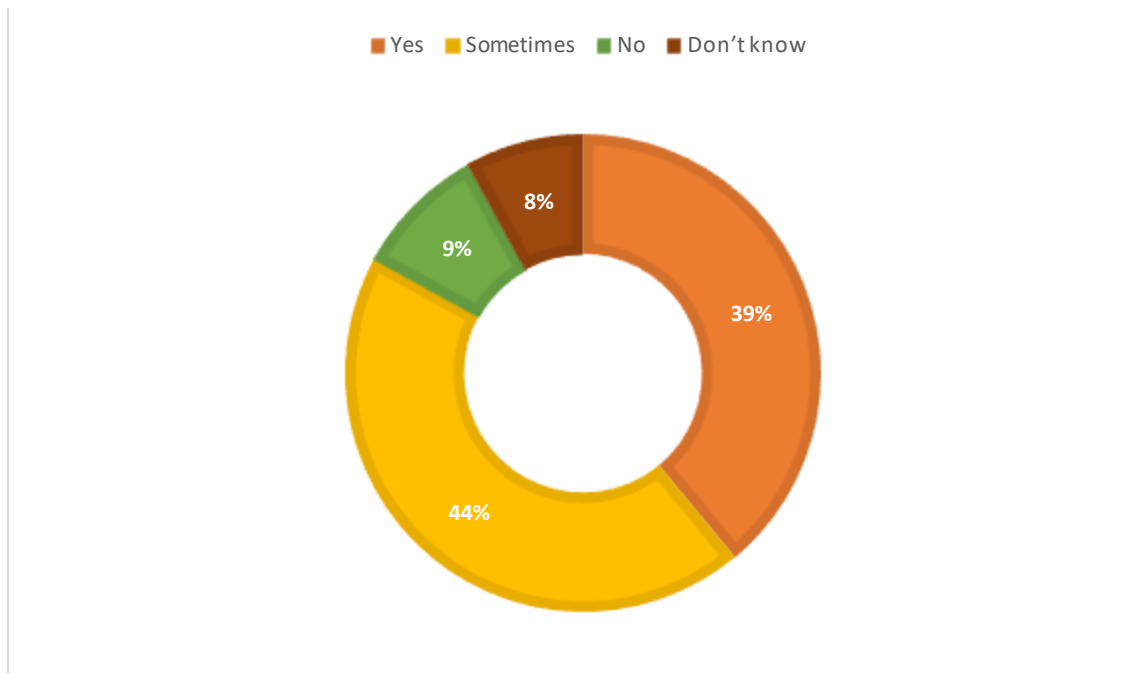


Figure 4. 9: Product modification.

The results from the respondents postulated that 39% agreed to substantial modification of existing product ensuring competitive strategy for the survival of the company, 44% sometimes, and 9% did not agree and then 8% did not know.

4.1.4.2 Product development on satisfied customers

The aim of the researcher was to explore if the product development attract the satisfied customers to new product as an alternative to what they use.

Table 4.9: Product development on satisfied customers

Table 4. 10: Product development on satisfied customers

Satisfied Customers	Target population	Percentage
Always	26	30
Sometimes	38	44
Not sure	15	17
Not at all	6	9
Total	85	100

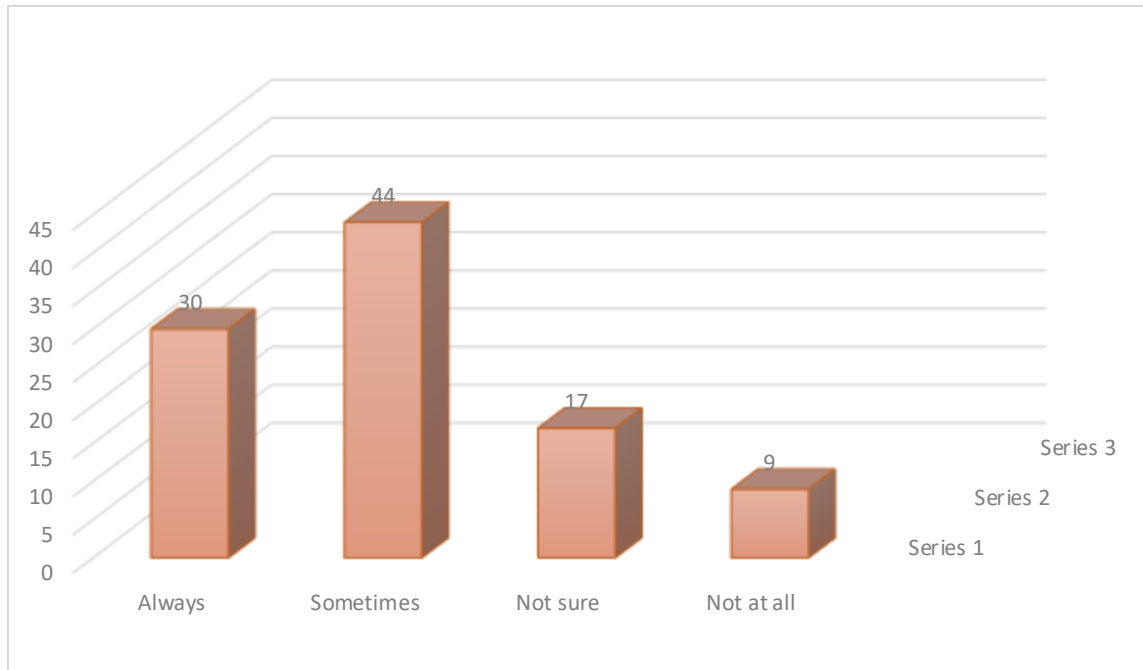


Figure 4. 10: Product development on satisfied customers

The results indicated that product development always attracts the satisfied customers to new products as an alternative to what they use for the effectiveness of competitive strategy according to 30%, sometimes at 44%, not sure at 17% and then not at all at 9%.

4.1.5 Strategic Innovation

4.1.5.1 Strategic innovation on competitive strategies.

The researcher wanted to establish impact of strategic innovation in determining product innovation, marketing process and organization operation processes.

Table 4. 11: Strategic innovation on competitive strategies.

Strategic innovation	Target population	Percentage
Positive impact	40	47
Moderate impact	28	32
Negative impact	12	14
No impact	5	7
Total	85	100

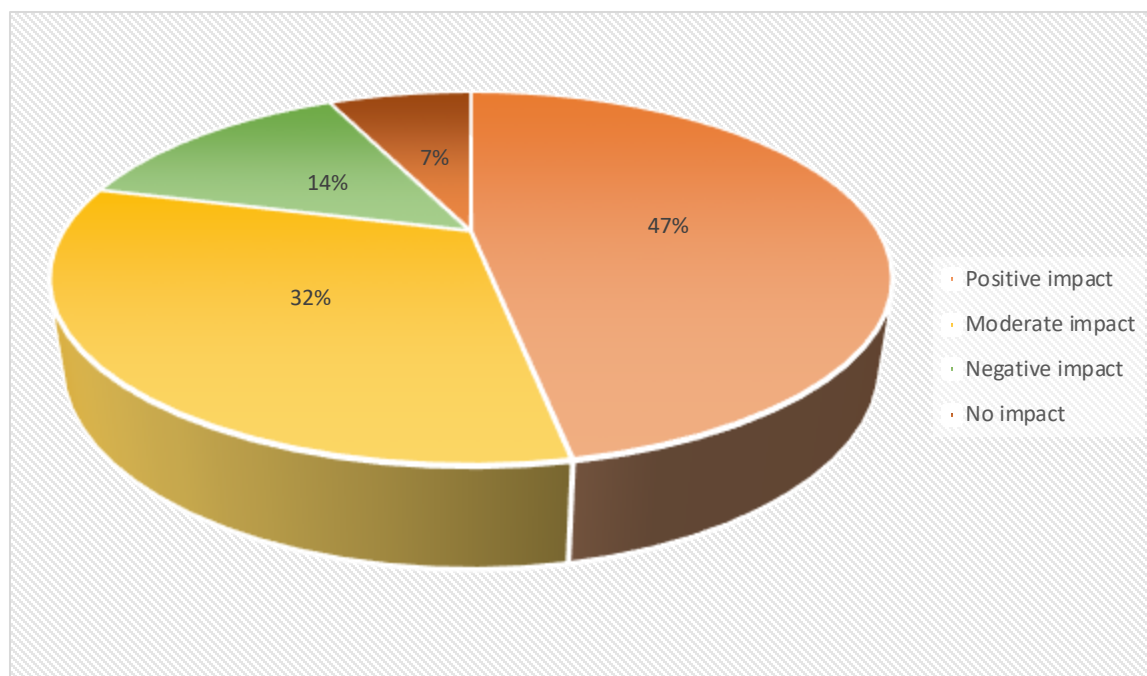


Figure 4. 11: Strategic innovation on competitive strategies.

The results from the study noted that Strategic innovation is determined by product innovation, marketing process, organization operation processes therefore having a positive impact on effective competitive strategies according to 47%, moderate impact at 32%, negative impact at 14% and then no impact at 7%.

4.1.5.2 Strong technology adoption

This was to find out the extent at which adoption of strong technology creates superior market and shareholder value on strategic innovation.

Table 4. 12: Strong technology adoption.

Strong technology adoption	Target population	Percentage
Very great extent	23	27
Great extent	30	35
Moderate extent	18	21
Less impact	14	17
Total	85	100

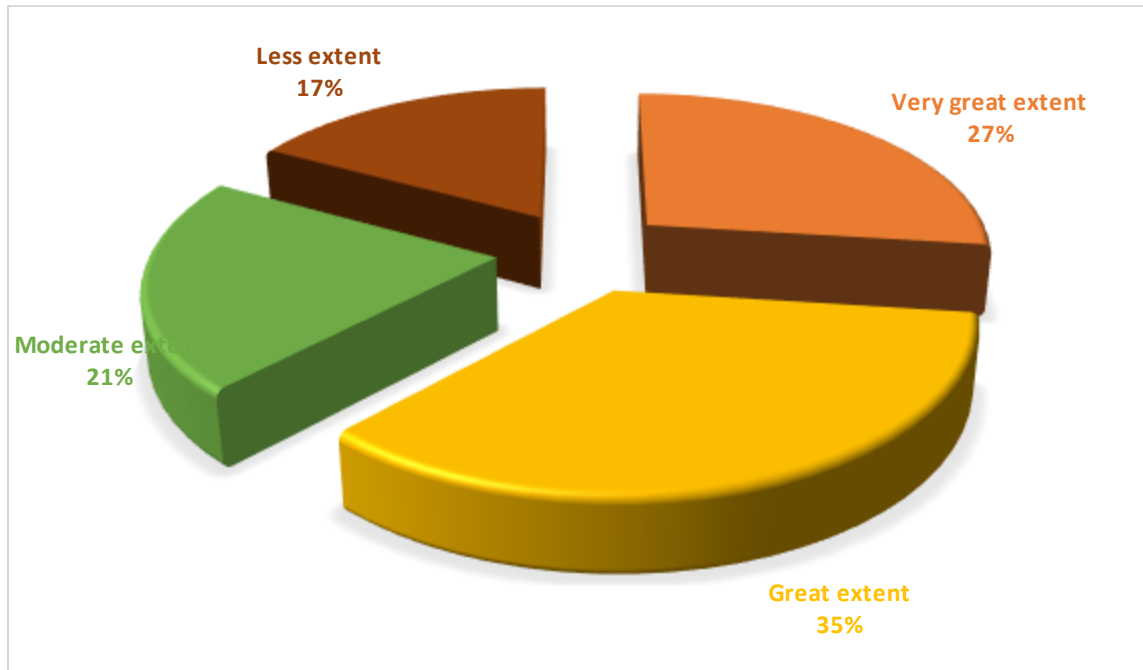


Figure 4. 12: Strong technology adoption.

It was noted from the study that to a very great extent adoption of strong technology creates superior market and shareholder value on strategic innovation for competitive strategies according to 27%, great extent at 35%, moderate extent at 21% and less extent at 17%.

4.2 Limitation of study

The respondents once in a while demanded for fees which would supply the statistics required or won't be comfortable and consequently this means that no longer all the target variety of population would answer the questions making it an undertaking to gain the desired statistics threshold. The members would not deliver the vital records regarding the enterprise they were working for and consequently they would pick out not to answer some questions because of its nature of confidentiality that requires guarding.

4.3 Chapter Summary

The study focused on the findings from the field by presenting data from each variable in different sub-heading to make specific explorations. The data was presented in well labeled tables and graphs from which an interpretation was made and some statement made to make clear the findings for easy analysis in the next chapter.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

The chapter presents the summary, conclusions and recommendations from the findings derived from chapter four. This chapter answers the research questions that the study was premised on.

5.1 Summary of Findings

This presents the summary of findings that leads to the conclusion and recommendation needed in the research study.

5.1.1 Demographic Information

The study established that male were the majority at 62% while female respondents were at 38% who took part in the effectiveness of competitive strategies on M-PESA. The findings indicated that those between the ages of 18-25 years were 7%, between 26-35 years at 53%, those between 36-45 years at 25% and those above 46 years were 15%. The study postulated that those respondents with certificate course were 14%, diploma were 26%, degree were at 44%, master's degree at 12% and then doctorate degree were at 4%. This was to confirm authenticity of the data obtained from the respondents on effectiveness of competitive strategies on M-PESA.

5.1.2 Cost of Leadership

The results from the study indicated that cost leadership earn the large market share in the perspective of profit making on the effectiveness of competitive strategies to a very great extent according to 34%, great extent at 37%, moderate extent at 16% and less extent at 13%. It was noted from the results that 66% agreed to new entrants with low cost in the market affecting cost leadership on an identified new market on the effectiveness of competitive strategies, 17% not sure, 9% did not agree and 8% didn't know. The results showed that cost leadership have positive impact on the detection of changes in customer needs or competitors efforts to make a difference on the effectiveness of competitive strategies according to 48%, moderate impact 37%, negative impact 11% and then no impact at 4%.

5.1.3 Marketing Development

It was identified from the results that 33% strongly agreed to opening of branch offices in new places, switching of adverts from trade publications to newspapers promotes market development on the effectiveness of competitive strategies, 42% agreed, 17% disagreed and then 8% strongly

disagreed. It was clear from the results that market development always facilitates the building of superior brand recognition and customer loyalty on the effectiveness of competitive strategies according to 30%, sometimes at 47%, rarely at 14% and not at all at 9%.

5.1.4 Product Development

The results from the respondents postulated that 39% agreed to substantial modification of existing product ensuring competitive strategy for the survival of the company, 44% sometimes, and 9% did not agree and then 8% did not know. The results indicated that product development always attracts the satisfied customers to new products as an alternative to what they use for the effectiveness of competitive strategy according to 30%, sometimes at 44%, not sure at 17% and then not at all at 9%.

5.1.5 Strategic Innovation

The results from the study noted that Strategic innovation is determined by product innovation, marketing process, organization operation processes therefore having a positive impact on effective competitive strategies according to 47%, moderate impact at 32%, negative impact at 14% and then no impact at 7%. It was noted from the study that to a very great extent adoption of strong technology creates superior market and shareholder value on strategic innovation for competitive strategies according to 27%, great extent at 35%, moderate extent at 21% and less extent at 17%.

5.2 Conclusion

This section provides the conclusion of the summary of findings of the study in accordance with each variable.

5.2.1 Demographic Information

Male respondents were more than female and the highest age of respondents were between 26 to 35 years. Those with degree level of academic qualifications were majority followed by the diploma holders. The demographic information was necessary to establish the quality of data obtained on the effectiveness of competitive strategies.

5.2.2 Cost Leadership

It was confirmed that cost leadership earns the large market share in the perspective of profit making on the effectiveness of competitive strategies. The new entrants with low cost in the market affects cost leadership on an identified new market on the effectiveness of competitive strategies.

Cost leadership have average impact on the detection of changes in customer needs or competitors efforts to make a difference on the effectiveness of competitive strategies

5.2.3 Marketing Development

It was clear that opening of branch offices in new places, switching of adverts from trade publications to newspapers promotes market development on the effectiveness of competitive strategies. It was confirmed that market development facilitates the building of superior brand recognition and customer loyalty on the effectiveness though not every time.

5.2.4 Product Development

Substantial modification of existing product ensures competitive strategy for the survival of the company though not always. It was clear that product development sometimes attracts the satisfied customers to new products as an alternative to what they use for the effectiveness of competitive strategy.

5.2.4 Strategic Innovation

Strategic innovation is determined by product innovation, marketing process, organization operation processes therefore having an average impact on effective competitive strategies. The adoption of strong technology creates superior market and shareholder value on strategic innovation for competitive strategies on an average extent.

5.3 Recommendations

5.3.1 Demographic Information

There is need to explore the reasons as to why those with post-graduate academic qualifications are fewer and how to increase expertise in effective competitive strategies.

5.3.2 Cost Leadership

On cost leadership, it is necessary to establish how the new entrants with low cost in the market affects cost leaders on an identified new market on the effectiveness of competitive strategies. More to be explored the impact of cost leadership on the detection of changes in customer needs or competitors efforts to make a difference on the effectiveness of competitive strategies.

5.3.3 Product Development

To establish why substantial modification of existing product ensures competitive strategy for the survival of the company all the time.

5.3.4 Strategic Innovation

There is need to explore more on why adoption of strong technology creates superior market and shareholder value on strategic innovation for competitive strategies on an average extent and not a very great extent.

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APPENDICES

APPENDIX 1: QUESTIONNAIRE

EFFECTIVENESS OF COMPETITIVE STRATEGIES OF M-PESA: A CASE STUDY OF SAFARICOM PUBLIC LIMITED COMPANY, NAIROBI

Please provide your answer with a tick [√] in the appropriate box.

Section A: Demographic Information.

1. Gender
Male ☐
Female ☐
2. Age
18- 25 years ☐
26- 35 years ☐
36- 45 years ☐
46 and above ☐
3. Please indicate the highest academic qualifications obtained.
Certificate ☐
Diploma ☐
Undergraduate ☐
Master's degree ☐
Doctorate degree ☐

Section B: Cost Leadership

4. To what extent does cost leadership earn the large market share in the perspective of profit making?
Very great extent ☐
Great extent ☐
Moderate extent ☐

Less extent ☐

5. Does new entrants with low cost in the market affect cost leadership on an identified new market?

Yes ☐

Not sure ☐

No ☐

Don't know ☐

6. What effects does cost leadership have on detection of changes in customer needs or competitors efforts to make a difference?

Positive impact ☐

Moderate impact ☐

Negative impact ☐

No impact ☐

Section C: Marketing Development

7. Do you agree that opening branch offices in new places, switching of adverts from trade publications to newspapers promotes market development?

Strongly agree ☐

Agree ☐

Disagree ☐

Strongly disagree ☐

8. Does selling an already existing product in a new market enhances good market development?

Yes ☐

Not sure ☐

No ☐

Don't know ☐

9. Does market development facilitates the building of superior brand recognition and customer loyalty?

Always ☐

Sometimes ☐

Rarely ☐

No ☐

Section D: Product Development

10. Does substantial modification of existing product ensure competitive strategy for the survival of the company?

Yes ☐

Sometimes ☐

No ☐

Don't know ☐

11. Market product launch is enhanced by the competent and faithful marketing personnel to gain a substantive market share. Do you agree?

Strongly agree ☐

Agree ☐

Disagree ☐

Strongly disagree ☐

12. Does product development attract the satisfied customers to new product as an alternative to what they use?

Always ☐

Sometimes ☐

Not sure ☐

Not at all ☐

Section E: Strategic Innovation

13. Strategic innovation is determined by product innovation, marketing process, organization operation processes etc. what impact does this have on competitive strategies?

Positive impact ☐

Moderate impact ☐

Negative impact ☐

No impact ☐

14. Does strategic innovation facilitate transformation of knowledge to commercial value on efficiency and profitability of the company?

Strongly agree ☐

Agree ☐

Disagree ☐

Strongly disagree ☐

15. To what extent does adoption of strong technology create superior market and shareholder value on strategic innovation?

Very great extent ☐

Great extent ☐

Moderate extent ☐

Less extent ☐

Thank you

APPENDIX II: KEY INFORMANT INTERVIEW

EFFECTIVENESS OF COMPETITIVE STRATEGIES OF M-PESA: A CASE STUDY OF SAFARICOM PUBLIC LIMITED COMPANY, NAIROBI

Name.....

Position

Day

Time

The focus of this interview will be to better understand the effectiveness of competitive strategies on M-PESA and the effects it has on the operation of Safaricom Company. Therefore the main purpose of this interview today is to learn more about your thoughts, feelings and experiences on the competitive strategies of M-PESA that ensures market command than other mobile money services.

Anything got from this interview will not be personally attributed to you in any reports that results from this interview. The findings from this interview will be written in a manner that no individual comment can be attributed to a particular person.

Your participation in this interview is completely voluntary. Are you willing to be interviewed? Do you have any concern before we start?

Cost Leadership

1. How does new entrants in the market with low cost impact on cost leadership on an identified new market?
2. What are the specific effects that cost leadership have on the detection of changes in the needs of customers that require attention from the company?

Marketing Development

3. How does opening of branch offices in new places, switching of adverts from trade publications to newspaper promote marketing development?
4. How can market development through facilitation of building of superior brand recognition maintain customer loyalty?

Product Development

5. How can the substantial modification of the existing products ensure competitive strategy for the survival of the company?
6. What mechanisms can be put in place to ensure product development attracts the satisfied customers to new product as an alternative?

Strategic Innovation

7. How can strategic innovation facilitate transformation of knowledge to commercial value on the efficiency and profitability of the company?
8. What factors facilitate adoption of strong technology to create superior market and shareholder value on strategic innovation?

Thank you for your time